

BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
OFFICE OF THE STATE AUDITOR
STATE OF MONTANA

IN THE MATTER OF:)	CASE NO. INS-2010-29
JANEL LARSON)	TEMPORARY CEASE AND DESIST
in her capacity as a licensed insurance)	ORDER and ORDER OF SUSPENSION
producer, License # 677495,)	OF PRODUCER'S LICENSE
Respondent.)	

The State Auditor in her capacity as Commissioner of Securities and Insurance of the State of Montana (Commissioner), pursuant to the authority of the Insurance Code of Montana, Mont. Code Ann. § 33-1-101, et seq., hereby issues the following allegations of fact, proposed conclusions of law, order and notice of right to a public hearing:

ALLEGATIONS

1. Larson is a licensed insurance producer, license number 677495, and has been licensed since October 19, 2006.
2. Larson was appointed with State Farm beginning on or about October 31, 2006. Larson's appointment with State Farm terminated on or about October 2, 2007.
3. On or about November 19, 2009, the Department received a complaint from State Farm Insurance Company (State Farm) alleging Larson had submitted multiple fraudulent insurance claims for herself pursuant to Larson's hospital income policy. The relevant time period is from April 1, 2007 through May 31, 2009.
4. Investigator Catrina Higgins (Higgins) investigated this matter. Pursuant to standard investigation procedures, Higgins obtained a copy of State Farm's claims file relevant to Larson.

Higgins verified the claims file information with the hospital. The file indicated Larson had submitted fraudulent claims as follows:

a. Larson submitted a claim for services allegedly received on or about April 12, 2007, for \$420 when the actual hospital billing was for \$282, indicating a fraudulent claim of \$138. The claim was subsequently denied because it was for illness, which is not covered by Larson's State Farm policy.

b. Larson submitted a claim for \$750 for services allegedly received on or about April 18, 2007. State Farm paid the claim. However, the hospital has no record of providing services for Larson on that date.

c. Larson submitted a claim for \$750 for services allegedly received on or about May 1, 2007. State Farm paid the claim. However, the hospital has no record of providing services for Larson on that date.

d. Larson submitted a claim for \$1,250 for services allegedly received on or about July 4, 2008. State Farm paid the claim. However, the hospital has no record of providing services for Larson on that date.

e. Larson submitted a claim for \$1,500 for services allegedly received on or about February 8, 2009. State Farm paid the full claim. However, the legitimate hospital billing was for only \$801.20.

f. Larson submitted a claim for \$1,095.80 for services allegedly received on or about February 8, 2009. State Farm paid the claim. However, the hospital has no record of providing services for Larson on that date.

g. Larson submitted a claim for \$1,531.08 for services allegedly received on or about May 15, 2009. State Farm did not pay the claim. Additionally, the legitimate hospital billing was for only \$547.85.

5. The total amount of fraudulent claims made by Larson is \$6,410.68. Of that total, State Farm paid Larson \$5,570.56.

6. Most of the fraudulent claims were submitted with bills from the hospital that contained errors that were inconsistent with bills actually prepared by the hospital, including misspelled words. During Higgins' investigation she discovered Larson had worked at the hospital from 2001 through 2006.

7. Higgins interviewed Larson on or about January 28, 2010. During the interview, Larson admitted submitting fraudulent claims to State Farm. Larson provided Higgins a written statement to that effect. Larson and Higgins both signed Larson's statement.

8. Larson has made an offer to repay State Farm the money she obtained through her fraudulent actions as indicated in her note to State Farm's Health Claim Examiner, Lora Keeney.

CONCLUSIONS OF LAW

1. The State Auditor is the Commissioner of Insurance pursuant to Mont. Code Ann. § 2-15-1903.

2. The Montana Insurance Department is under the control and supervision of the Commissioner pursuant to Mont. Code Ann. §§ 2-15-1902 and 33-1-301.

3. The Commissioner shall administer the Department to protect consumers pursuant to Mont. Code Ann. § 33-1-311.

4. Pursuant to Mont. Code Ann. § 33-17-1001(1), the Commissioner may suspend, revoke, refuse to renew, refuse to issue a license, or may levy a civil penalty in accordance with

Mont. Code Ann. § 33-1-317 or choose any combination of actions when an insurance producer is found to be in violation of Mont. Code Ann. § 33-17-1001.

5. Pursuant to Mont. Code Ann. § 33-1-317, the Commissioner may impose an administrative fine not to exceed \$5,000.00 per violation of the Montana Insurance Code or regulations.

6. Pursuant to Mont. Code Ann. § 33-1-1202 (1), a person commits the act of insurance fraud when the person presents an insurer a written statement containing false information concerning any fact as part of a claim for payment, for the purpose of obtaining money.

7. Respondent violated Mont. Code Ann. § 33-1-1202 (1) by submitting claims to State Farm that contained false information, including fake dates of services provided by a hospital and fake amounts charged for services provided by a hospital, for the purpose of obtaining money from the insurer.

8. Pursuant to Mont. Code Ann. § 33-17-1001 (1) (c), the Commissioner may suspend or revoke an insurance producer's license when that person violates a provision of the Insurance Code.

9. Pursuant to Mont. Code Ann. § 33-17-1001 (1) (f), the Commissioner may suspend or revoke an insurance producer's license when that person, in conduct of the affairs under her license, uses fraudulent practices or is untrustworthy or a source of loss and injury to the public.

10. Respondent violated Mont. Code Ann. § 33-17-1001 (1) (c) and (f) by violating the provisions of the Insurance Code found in Mont. Code Ann. § 33-1-1202 (1), showing

Respondent uses fraudulent practices, is untrustworthy and is a source of loss and injury to the public.

ORDER

Pursuant to Mont. Code Ann. § 33-17-1001 (1) (c) and (f), it appears to the Commissioner that the above-named Respondent has used fraudulent practices and is untrustworthy and a source of loss and injury to the public, pursuant to the conduct of her affairs under her insurance producer's license in violation of the Insurance Code of Montana as it applies to this Respondent's insurance producer's license and therefore hereby orders Respondent's insurance producer's license suspended until resolution of this matter.

Further, the Commissioner orders Respondent to cease and desist any actions or activity wherein Respondent acts in violation of the Insurance Code of Montana causing Respondent to be in violation of Mont. Code Ann. § 33-17-1001.

NOTICE

Respondent is notified that the Commissioner has issued this order temporarily suspending her insurance producer's license and temporarily ordering her to cease and desist violating the insurance code. If Respondent wishes to contest the allegations herein, she shall make a written request for a hearing to Roberta Cross Guns of this office within 15 days of receipt of this order. The hearing shall then be held within 30 days of the Commissioner's receipt of the hearing request unless otherwise agreed by the parties. If no hearing is requested within 15 days of receipt of this order by Respondent, and the Commissioner orders none, this cease and desist order shall become permanent, and the suspension shall become a revocation enforceable for a period not to exceed five years.

Should you request a hearing, you have the right to be accompanied, represented and advised by counsel. If the counsel you choose has not been admitted to the practice of law in the State of Montana, he or she must comply with the requirements of *Application of American*

Smelting and Refining Co., 164 Mont. 139, 520 P.2d 103 (1973), and *Montana Supreme Court Commission on the Unauthorized Practice of Law v. O'Neil*, 2006 MT 284, 334 Mont. 311, 147 P.3d 200.

DATED this 8th day of April, 2010.

MONICA LINDEEN
Commissioner of Securities and Insurance



BY: Robert Moon
Deputy Insurance Commissioner

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing was served on the 8th day of April, 2010, by US mail, certified first-class postage paid, to the following:

Janel Larson
2307 Stower Street
Miles City, MT 59301

